

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE APPLICATION OF LYON COUNTY)	
WATER DISTRICT OF LYON COUNTY,)	
KENTUCKY (1) FOR A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND)	
NECESSITY; (2) THE APPROVAL OF)	
THE PROPOSED PLAN OF FINANCING)	
OF SAID PROJECT; (3) APPROVAL OF)	CASE NO. 9120
THE INCREASED WATER RATES)	
PROPOSED TO BE CHARGED BY THE)	
DISTRICT TO CUSTOMERS OF THE)	
DISTRICT; (4) APPROVAL TO)	
PURCHASE LAKE BARKLEY WATER)	
SYSTEM, INC.)	

O R D E R

IT IS ORDERED that Lyon County Water District ("Lyon") shall file an original and ten copies of the following information with the Commission, with a copy to all parties of record, within 3 weeks of this Order. If neither the requested information nor a motion for extension is filed by the stated date, the Commission may dismiss the case without prejudice.

1. The following are in reference to the purchased water expense in the amount of \$14,220. (If available please supply by month and in total for the test period):

- a. Water purchased in gallons and cost.
- b. Water sold in gallons and amount.

- c. Water used by company in gallons.
- d. Water used for fire protection.
- e. Unaccounted for water in gallons.

2. What criteria does Lyon County use in capitalizing expenditures?

3. In reviewing the letter of conditions with the FmHA dated June 17, 1983, the staff noted changes in the planned estimated project cost and the financing of the project from what you now expect. Do you anticipate a revised letter of conditions from FmHA? If so, forward the Commission a copy, and if you do not please, explain why.

4. Do you plan on charging the customers of the Lake Barkley Water System a connection charge when they are connected to your system and if so, identify the amount and explain why?

5. Do you have any evidence to document the proposed grant from the U.S. Corps of Engineers in the amount of \$75,000. If so, provide the Commission a copy.

6. How does Lyon County propose to finance the purchase of the Lake Barkley Water System?

7. Provide the accounting entry to record the expected purchase of the Lake Barkley Water System and also provide the original cost of the system, if available. If it is not available at this time then provide what you project the entry and value to best the time of transfer.

8. In the previous filing Lyon County proposed pro forma adjustments to its test period operating revenues and expenses but no adjustments are reflected in this filing. If you plan to make

any pro forma adjustment please, provide them along with appropriate support (work papers, documented estimates, assumptions, etc.,). It is the practice of the Commission to accept only known and measurable adjustments to test period revenues and expenses.

9. You state in the application that you expect that 600 new customers will be added to the Lyon County system as a result of the proposed project. Are the Lake Barkley Water System customers included in this estimate? What impact are you projecting the additional customers will have on the test period operating revenues and expenses, both Lake Barkley's and the new customers? (Provide documentation to support any changes in the same format as 8 above.)

10. The Lyon County Court Order establishing the boundaries of Lyon County is on file in Case No. 7060, which has been incorporated in the current case by reference. The boundaries are described in that county court order as:

Being all that portion of Lyon County lying and being North and East of the Cumberland River and the Barkley Lake Reservoir being under construction except those areas served or to be served by the City of Kuttawa, the City of Eddyville, the Fredonia Water District and the Proposed force main to be constructed for the City of Princeton, the same covering those areas to be served.

Based on the above, provide clarification that the proposed construction and the Lake Barkley Water system, which is proposed to be purchased by Lyon County, are within the boundaries as described above and do not conflict with any of those boundaries.

(Note--Provide copies of any county court orders that may have altered the boundaries of Lyon County.)

11. In the Commission's deficiency letter of February 6, 1985, Lyon County was requested to file the Final Engineering Report when available. Lyon County's response received by the Commission on February 25, 1985, indicates that this document has previously been filed. However, this document is normally filed after bids have been received and the final project estimate has been revised to reflect the project cost based on the construction bids. Based on the fact that this project has not been bid yet, provide the Final Engineering Report when available.

12. Provide the estimated date of bid advertisement and bid expiration.

Done at Frankfort, Kentucky, this 7th day of March, 1985.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:

Secretary